

Message Text

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17

ACTION COME-00

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PASS COMMERCE

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TAGS: BDIS, SY

SUBJECT: TRADE COMPLAINT - ROGER SIDAWI

1. SUMMARY: ROGER SIDAWI, SYRIAN BUSINESSMAN, CALLED ON USINT TO DESCRIBE HIS CURRENT DIFFICULTIES WITH SUNAIR ELECTRONICS, INC., FORT LAUDERDALE, FLORIDA. SIDAWI AND SUNAIR WERE AWARDED SARG CONTRACT FOR 50 GSB-300 WIRELESS TRANSCEIVERS FOR THE SYRIAN INTERNAL SECURITY FORCES COMMAND (MINISTRY OF INTERIOR). CORRESPONDENCE REVIEWED BY USINT SEEMS TO INDICATE COMPANY IN VIOLATION OF ORIGINAL AGREEMENT. FAILURE TO DELIVER ON THIS CONTRACT IS POTENTIALLY DAMAGING TO OUR HOPES TO EXPAND AMERICAN COMMERCIAL SALES IN SYRIA. IN ADDITION, THERE ARE REPORTS THAT HIGH SARG OFFICIALS (INCLUDING THE MINISTER OF INTERIOR) VIEW THE DELAYS AS SOMEHOW COORDINATED WITH USG AND THUS AN EFFORT TO PUT PRESSURE ON SARG. END SUMMARY.

2. IN OPEN BIDDING THE SARG ACCEPTED AN OFFER OF ROGER SIDAWI, A SYRIAN BUSINESSMAN, AND SUNAIR ELECTRONICS, INC., FORT LAUDERDALE, FLORIDA (TELEPHONE (305) 525-1505) TO FURNISH 50 GSB-300 WIRELESS 8 CHANNEL, 100 WATT SSB TRANSCEIVERS, 1.6 TO 30 MHZ. SINCE AWARD OF THE CONTRACT,
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THERE HAS BEEN A SERIES OF DELAYS AND MISUNDERSTANDINGS.

SIDAWI AFTER OVER \$1,500 OF TELEPHONE CALLS AND A TRIP TO THE US SEEKS OUR HELP IN RESOLVING THE CURRENT DIFFICULTIES. SIDAWI'S COMPLAINTS AGAINST SUNAIR ARE MULTIPLE AS FOLLOWS:

A. COST: SUBSEQUENT TO AWARD DAY SUNAIR REFUSED TO STAND BEHIND ORIGINAL OFFER OF APPROXIMATELY \$93,000 AND REVISED COST TO ALMOST \$130,000.

B. COMMISSION: ORIGINAL LETTER TO SIDAWI AS CONFIRMED IN SUBSEQUENT SIGNED INTERNATIONAL SALES AGREEMENT GUARANTEED SADAWI 25 PERCENT DISCOUNT. AFTER OFFER ACCEPTED BY SARG COMPANY HAS INFORMED SADAWI 25 PERCENT WAS IN-ACCURATE AND CORRECT FIGURE WAS 15 PERCENT. SINCE SIDAWI USED PROPORTION OF HIS DISCOUNT TO REDUCE CONTRACT COST AND ENHANCE COMPETITIVE POSITION, HE STANDS TO LOSE SUBSTANTIAL SUMS.

C. ORDER: IN DECEMBER SUNAIR RAISED NEW PROBLEM CLAIMING THAT ORDER HAD NEVER BEEN FORMALLY SUBMITTED. THIS CLAIM IS IN CLEAR CONTRADICTION TO LETTERS IN SEPTEMBER/OCTOBER/NOVEMBER NOTIFYING SIDAWI THAT "ORDER" HAD BEEN RECEIVED AND WAS BEING PROCESSED.

D. DELIVERY: TERMS OF ORIGINAL AGREEMENT CALLED FOR DELIVERY (FOB) 120 DAYS AFTER L/C NOTIFICATION. SUNAIR'S QUOTATIONS AND SUBSEQUENT LETTERS CONFIRMED A 90 TO 120-DAY DELIVERY TIME. L/C RECEIVED BY SUNAIR ON NOVEMBER 8, 1973, BUT FIRM HAS NOT MET DELIVERY SCHEDULE. WHEN IT BECAME INCREASINGLY CLEAR THAT SUNAIR WOULD NOT MEET SARG TIMEFRAME, SARG AUTHORIZED ADDITIONAL L/C TO COVER AIRFREIGHT. YET, TO DATE ONLY 15 UNITS AND 50 BATTERY CHARGERS HAVE ARRIVED AND THOSE 50 BATTERY CHARGERS ARE HERE BECAUSE SIDAWI CONTACTED THE SUBCONTRACTOR DIRECTLY.

E. LETTER OF CREDIT: SARG PROVIDED 90 PERCENT LETTER OF CREDIT. THIS PERCENTAGE WAS OFFERED INITIALLY AND ACCEPTED BY SUNAIR, IT SEEMS TO ME, BY VIRTUE OF THE FACT THEY ACKNOWLEDGED ITS RECEIPT AND STATED THEY WERE PROCESSING ORDER ACCORDINGLY. IN DECEMBER, APPROXIMATELY 10 MONTHS AFTER INITIAL DISCUSSIONS, SUNAIR REFUSED TO PROCEED FURTHER WITHOUT 100 PERCENT L/C. SARG, AT THIS POINT, SEES THIS AS FURTHER ATTEMPT BY SUNAIR TO GET OUT OF CONTRACT AND, GIVEN PAST PERFORMANCE OF FIRM, HAS NO DESIRE TO COMMIT FURTHER FUNDS.

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3. SAR HAS NOW NOTIFIED SADAWI THAT FROM MARCH 3, SUNAIR MUST PAY \$215.25 DAILY IN PENALTY FEES FOR FAILURE TO MEET CONTRACT CONDITIONS. SARG ALSO HAS ANNOUNCED ITS INTENTION TO CANCEL CONTRACT ON MARCH 31, IF SITUATION NOT CORRECTED.

4. AS EVENTS OF PAST FEW MONTHS HAVE UNFOLDED, WE IN

USINT HAVE FOUND THE SARG INTERESTED IN SEEING MORE AMERICAN COMMERCIAL ACTIVITY IN SYRIA. ONLY TODAY A VISITING AMERICAN BUSINESSMAN, HERE ON REQUEST TO LOOK INTO THE POSSIBILITIES OF CONSTRUCTING A 250 MEGAWATT THERMAL ELECTRIC PLANT NEAR DAMASCUS, TOLD US HE WAS SURPRISED AT THE VERY WARM WELCOME HE HAS RECEIVED. FAILURE OF SUNAIR TO PERFORM IN GOOD FAITH ON ITS CONTRACT WITH THE MINISTRY OF INTERIOR COULD HAVE SERIOUS RAMIFICATIONS ON FUTURE AMERICAN COMMERCIAL EFFORTS. THAT MINISTRY, DIRECTLY RESPONSIBLE FOR SECURITY, CAN HAVE A STRONG VOICE IN WHO WILL OR WILL NOT BECOME ACTIVE IN SYRIA.

5. IN ADDITION TO THE PRESENT CONTRACT, SIDAWI POINTS OUT THAT THE SARG ALSO WISHES TO PURCHASE AN ADDITIONAL 400 GSB-300'S AS WELL AS SOME 900'S (UP TO 100 VALUED AT OVER ONE HALF MILLION DOLLARS). SIDAWI ALSO CALIMS HE AND GENERAL ELECTRIC ARE LOW BIDDERS ON A COMPUTER SYSTEM FOR TRAFFIC IN DAMASCUS, BUT THAT THE SARG IS DELAYING AWARD UNTIL SUNAIR CONTRACT IS SETTLED. IN ADDITION THE SAME MINISTRY IS ALSO PREPARED TO PURCHASE A NUMBER OF SMALL TRANSCEIVERS FOR THEIR SECRET SERVICE UNITS--THIS PURCHASE THROUGH BELL AND HOWELL. WE CANNOT, TO BE HONEST AT THIS POINT, CONFIRM THESE CLAIMS BUT THEY PROVIDE CLEAR EXAMPLES OF COMMERCIAL OPPORTUNITIES AHEAD AND OF SARG INTEREST IN WORKING WITH AMERICAN FIRMS. WE WOULD ONLY NOTE, TOO, WHAT IS MOST OBVIOUSLY KNOWN ABOUT BUSINESS CONDITIONS HERE. BY FAR THE MOST IMPORTANT PURCHASER IS THE GOVERNMENT AND ALL THE LARGE CONTRACTS WILL BE THROUGH GOVERNMENT TENDERS. IN ITS CENTRALIZED ROLE THE SARG WILL REMEMBER FAILURES TO MEET CONTRACTS AND, REGARDLESS OF ITS RELEVANCE, WILL CONSIDER PAST EVENTS IN AWARDING OTHER CONTRACTS TO AMERICAN FIRMS.

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6. IN CLOSING, WE PASS ON SEVERAL COMMENTS BY SIDAWI WHICH RAISE POLITICAL CONSIDERATIONS. HE DESCRIBED A MEETING WITH THE MINISTER OF INTERIOR IN WHICH SEVERAL PESONS PRESENT POINTED OUT THAT THE OFFICERS OF SUNAIR MUST BE JEWISH (AARON, SALES ADMINISTRATOR, AND SCHIFFMAN, INTL. SALES MANAGER). THESE PERSONS ARGUE THAT THE DELAYS AND, WHAT SEEMS TO THEM, THE ATTEMPTS OF SUNAIR TO GET OUT OF THE CONTRACT IS AN EFFORT BY AMERICAN JEWS TO GET AT SYRIA. SIDAWI CLAIMS THE MINISTER HIMSELF IS CONVINCED THAT THE DELAY IS DUE TO SOME CONCERTED USG ACTION TO SLOWDOWN DELIVERY OF EQUIPMENT TO KEEP PRESSURE ON SYRIA. HE CONCLUDES SYRIA SHOULD NOT USE AMERICAN FIRMS AND PUT ITSELF AT THE MERCY OF USG PRESSURE.

7. IN VIEW OF THE ABOVE, USINT WOULD APPRECIATE ANY ASSISTANCE

YOU CAN GIVE US IN UNRAVELING THIS AFFAIR AND, HOPEFULLY,
IN THE END, IN GETTING THIS ORDER COMPLETED. WE UNDERSTAND
THE LIMITATIONS WE FACE IN THIS MATTER AND HAVE EXPLAINED
THIS TO SIDAWI. WE DO THINK, HOWEVER, THAT CURRENT
SITUATION REQUIRES WE GET INVOLVED TO THE EXTENT POSSIBLE.
SCOTES

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